

e. The administration of agent contracts has been far from satisfactory in the past due to the difficulty which the Finance Division has had in obtaining necessary and timely information upon which to base the payment of the various allowances. It appears necessary to improve the machinery for obtaining such data, as well as to decrease, so far as practicable, the amount of information needed to be obtained and the complexity of records to be kept in the Finance Division.

In order to accomplish these objectives, it is suggested that the official signing an agent contract on behalf of the government be allowed to determine administratively that there shall be paid to the agent, on account of quarters and cost of living allowances and post differential, a monthly allotment not to exceed 90% of the estimated total amount of such allowances. Final settlement and payment would be made at the end of each calendar year, settlement to be made upon the basis of an "Annual Settlement Sheet", to be prepared and certified by the chief of the Foreign Division concerned. A suggested contract clause embodying this principle and a suggested Settlement Sheet form are attached hereto as Tab A and Tab B, respectively.

While the above procedure is expected to ^{simplify} ~~reduce~~ paper work and contribute to the accuracy and completeness of allowance records, it is recommended that ^{a different approach be tried out} ~~still another step be taken on an experimental basis~~ in agreements with Contract Agents ~~in cases~~ where such appears feasible. This would involve the payment of a stated monthly lump sum, in full satisfaction of allowances for quarters and cost of living and post differential. The contract would provide that, for the payment of these ^{entitlements,} ~~allowances,~~ the Contracting Officer could decide to ^{fix} ~~administratively arrive at~~ a flat ^{monthly} ~~sum,~~ to be based

+ Post Differential
generally on the Standardized Government Allowances Regulations. The amount of this lump sum payment should be reviewed quarterly, on the basis of facts to be furnished by the Foreign Division chief, and any needed adjustment made for the quarter to follow. Adjustments could be made with retroactive effect or during the progress of a quarter only where, because of a change in the agent's place of assignment or family situation or because of a change in the amounts payable under the Standardized Allowances Regulations, there would be a substantial change in the total amount of allowances ^{and differential} due to the agent, ~~under the Standardized Regulations~~. A substantial change is defined as a change of 25% or more in the total sum which would be due under the Standardized Regulations. A suggested contract clause to this effect is attached hereto as Tab C.